

News in Review

11 June 2025

'The global outlook is becoming increasingly challenging'



Global GDP growth is projected to slow to 2.9% this year and next year, according to the latest Economic Outlook released last week by the Organisation for Economic Co-operation and Development (OECD), down from 3.3% in 2024.

The report highlights that barriers to growth, including tighter financial conditions, weakened business confidence and trade barriers, are causing the slowdown, with the United States, Canada, Mexico and China experiencing the biggest downward pressures. The UK is forecast to suffer too, as US tariff barriers and the country's 'very thin' buffer in public finances create a unique set of challenges for Chancellor Rachel Reeves.

'The global outlook is becoming increasingly challenging,' the OECD states in its report, *as 'substantial increases in trade barriers, tighter financial conditions, weakened business and consumer confidence, and elevated policy uncertainty all pose significant risks to growth. If these trends continue, they could substantially dampen economic prospects.'*

Basic retirement costs lower as energy prices fall

Falling domestic gas and electricity bills have reduced the amount needed for a 'minimum retirement lifestyle,' according to a new report released last week by the Pensions and Lifetime Savings Association (PLSA).

The minimum retirement fund required per year for a two-person household to meet a basic standard of living in retirement is now £21,600, the PLSA says, down from £22,400 a year previously, while the equivalent for a one-person household has fallen to £13,400 per year.

Despite the lower threshold for basic living, costs have risen for anyone wanting a more comfortable retirement: a single person wanting to have a 'moderate' lifestyle now needs £31,700 a year, the report estimates. Likewise, a couple would need £43,900 to fit into this category, which includes basics like groceries and leisure activities, as well as a week holidaying in Europe, and a long weekend break in the UK.

Pensions boost for millions

Last Thursday, the government published its new Pension Schemes Bill, which it says will 'tackle schemes delivering poor returns for savers, combine smaller pension pots, and create bigger and better pension funds.'

The Pension Schemes Bill is part of the government's broader Plan for Change and will assist millions of people planning their retirement to manage and get more from their pension pots. Additionally, the scheme is intended to drive more investment into the UK economy.

Specifically, its key measures include:

- Requiring defined contribution (DC) pension schemes to prove they offer good value for money
- Creating multi-employer DC scheme 'megafunds' managing at least £25bn in assets by 2030
- Offering default routes to an income in retirement in all schemes
- Bringing together small pension pots worth £1,000 or less into one pension scheme that is certified as delivering good value to savers
- Increasing flexibility for defined benefit (DB) pension schemes to safely release surplus worth collectively £160bn.

Commenting on the reforms, Minister for Pensions Torsten Bell said, "Workers deserve to get better bang for each buck saved and these sweeping reforms will make sure they do. Pension saving is a long game, but getting this right is urgent so that millions can look forward to a higher income in retirement."

Government budget shake-up in latest Spending Review

A major Spending Review, due to be released by Chancellor Rachel Reeves on Wednesday 11 June, will increase the National Health Service budget and clarify government priorities on defence spending and public transport schemes.

The Spending Review sets the budgets for all government departments over the next few years. As the government's two self-imposed fiscal rules (that day-to-day government spending be paid for with tax revenue and that government debt falls as a share of national income by the end of the current parliament) weigh heavily on Ms Reeves, the margins for action are slim.

Ahead of the release, the government has already announced that spending on defence will rise to 2.5% of GDP by 2027. Similarly, a commitment to give public sector workers in England a pay hike between 3 and 5% in 2025-26 will push spending up. Winter fuel payments will also be made to three quarters of pensioners in England and Wales this year and free school meals will be expanded to 500,000 children whose parents are receiving Universal Credit.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.